

# Market Megatrends

The trends shaping the  
Professional Services industry



# Professional services today





**In recent years, the professional services industry has been booming, with revenues, headcounts and profits soaring across the board<sup>1</sup>. It's a different story today, with increased competition, more market consolidation and heightened client expectations.**

To weather the storm, and even thrive in uncertain times, professional services firms are adopting a number of technology-driven strategies to raise revenues, reduce costs and improve efficiencies. Many are accelerating digital transformation so they can adopt new business models, automate manual processes, optimize talent management, and develop a finance-first culture.

**Here are the seven professional services megatrends, and the IT-focused responses from the market leaders.**

# The seven PSO trends

More consultancies have been developing new customer-focused business models which deliver subscription billing and personalized, multichannel offerings.



## 1. New business models

More consultancies have been developing new customer-focused business models which deliver subscription billing and personalized, multichannel offerings. We have also witnessed the remodeling of admin-heavy business processes which manage workforces, projects and finances to reduce costs, generate growth and improve People Experience.

To support these new business models, firms have been accelerating digital transformation by investing in ERP for professional services. These systems streamline and connect processes to improve flexibility, collaboration and visibility, while helping firms enhance efficiencies, win more bids and transform work for people.

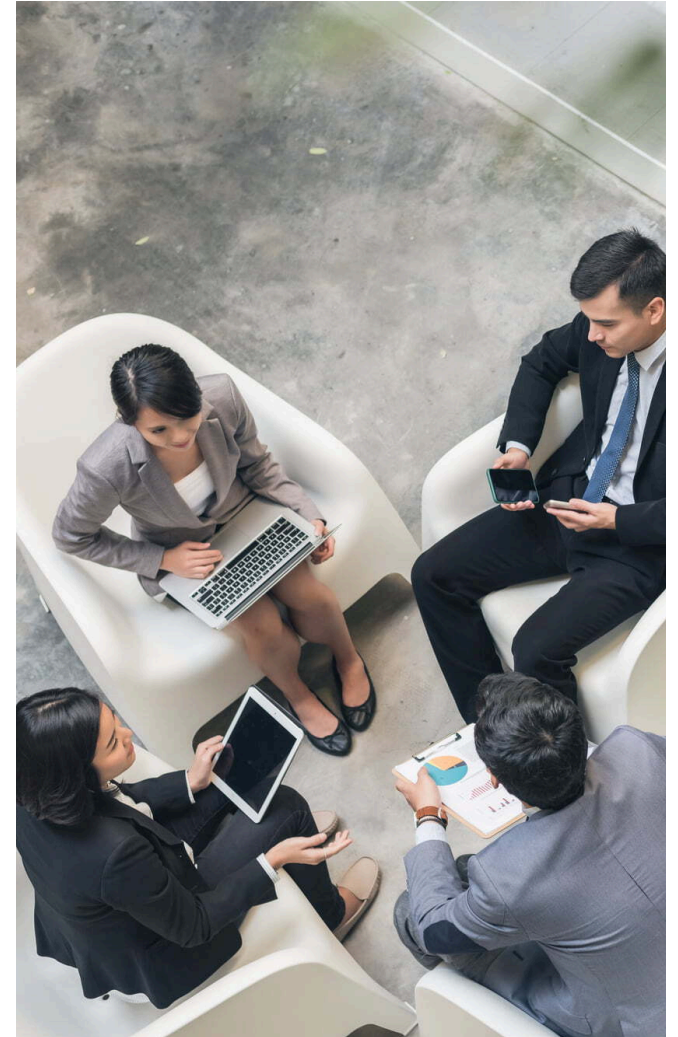
## 2. The pressure to optimize talent

Service organizations are under increasing pressure to attract, engage, optimize and retain good people<sup>3</sup>. The market leaders know the importance of transforming work for their people, by freeing them from manual tasks, allowing them to align more regularly with the company and upgrading learning and performance management.

More and more organizations are doing this by integrating a talent enablement platform and a human capital management (HCM) application with PSA software and a modern ERP for professional services. These tools help firms compete for talent, improve employee engagement, optimize high-performing teams and transform work for their people.

**To learn more, read our eBook:**

**Transform Finance Through Talent**



### 3. Increased competition

For many years, professional services has been a dynamic business landscape characterized by the Everything-as-a-Service economy which had accelerated disruption and the appearance of new rivals with new business models. In the wake of 2020, with tightened budgets and fewer sales opportunities, competition has become higher than ever.

To win more business and deliver more profitable projects, many firms are deploying professional services automation (PSA) software alongside standardized methodologies and repeatable operating processes.

**To learn how, read our eBook:**

**Managing customer relationships  
to win more business**

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**Only the strong will survive, and the competitive landscape will change as PS executives look to mergers and acquisitions over the next few years. Leading firms will take this moment in time to increase headcount through aggressive hiring practices or mergers and acquisitions. Lower performing firms will suffer and could ultimately go out of business.<sup>2</sup>**

### 4. More market consolidation

While lower-achieving organizations risk going under in this intensely competitive climate, market leaders are capitalizing on the opportunities as they hire talent and buy up or merge with other firms<sup>2</sup>. [Consultancy.eu](#) says this trend for more acquisitions, partnerships and alliances in the industry stems from the need for “specialist expertise and more rapid avenues for innovation”. The [Gateley Tweed](#) acquisition is a recent example, when listed UK legal and professional services company, Gately, acquired the high-profile media law specialist firm set up by Paul Tweed for £2m.

### 5. Heightened client expectations

In recent years, customers have grown to expect better, faster service, with more personalization, visibility and engagement. This means there is a relentless need to develop a more sustained, informative and transparent connection with the client to improve customer satisfaction.

The foundation for this approach is enabling people through technology: by implementing modern Enterprise Resource Planning (ERP) platforms and building high-performing teams. One of the results of improved customer satisfaction is increased revenue from additional deals with existing clients.

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## 6. The push to automate manual processes

PSOs are striving to improve productivity with an ERP for professional services which automates low-value tasks to streamline processes so people can spend more time on high-value work. A Constellation Research report says that more than 70 percent of today's back-office processes can be automated, and this push for automating manual processes is driving sustainable efficiency<sup>4</sup>. This trend is partly in response to the recent global stagnation of workforce productivity growth; DJS Research warned that lost productivity due to manual admin work costs \$5trillion annually<sup>5</sup>.

To learn more, read our eBook:

**5 pillars of profitability**

## 7. A finance-first culture

Digital transformation is enabling a finance-first culture, in which operational and sales teams, for example, can understand the impact of their activity on the business' bottom line. This trend is critical to success as companies try to improve cost and operational efficiencies while aligning financial and operational reporting.

Making such a vast cultural transformation is not easy, but leaders in this area are achieving it through the use of a flexible ERP for professional services. A modern, flexible ERP integrates multiple solutions, consolidates data from all sources, and centralizes processes within a single environment to provide complete visibility across the whole company, allowing previously siloed teams to collaborate<sup>6</sup>.

**Read our eBook:**

**Finance First: Unlocking Innovation**

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### Links and references

<sup>1</sup> 2020 Professional Services Maturity Benchmark, SPI Research

<sup>2</sup> Delivering Superior Professional Services Performance in Uncertain Times, SPI Research

<sup>3</sup> Solving the Talent Puzzle, Unit4

<sup>4</sup> Innovations Abound in Global Cloud ERP Suites, Constellation Research

<sup>5</sup> Breaking New Ground: Professional Services Organizations Industry Focus, Unit4

<sup>6</sup> Finance First: Unlocking Innovation, Unit4

*"Information, as usually is the case, will become even more important as PSOs work to improve performance in a time of economic uncertainty. PSO's that do not optimize their data will set themselves up to fail"*

Let's talk about what People Experience means 4U

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